

E-Services Governance in Public and Private Sectors: A Destination Management Organization Perspective

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Abstract In today's "wired world" the public sector and private sectors face competing pressures of price rises and scarcity of "territory". So far, the public and private sector knowledge domains have large developed separately. A destination Management Organization perspective can accommodate the production facilities and e-services governance to represent the interests of both the public and private sectors. The notion of short-term lets of the territory must be assessed against perceived outside threats, such as food scarcity, that require self-sufficiency to protect the long-term interests of both the public and private sector stakeholders'. This paper develops an e-services "interactive" governance model to bridge gaps by trustworthy relations in the context of decision making by network stakeholders. Subsequently, it applies this model to the Trentino case study for examining conceptual constructs based on embedded governance as a vehicle to balance heritage and innovation and knowledge dissemination. It concludes by summarizing the advantages and disadvantages of sharing information within a destination management organization context amongst the public and private sectors as a step towards "reclaiming the narrative of the commons".

Introduction

No organization can be an island in today's "wired world." The emerging scarcity of resources [1] and time puts additional pressure on the destination management organization (DMO) decision makers to understand not only their size, i.e., scale economies but the transaction costs of information, which, in turn, determines the mechanism of organizational governance [2]. Foucault [3] coined the

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term “governmentality” to mean the strategies both of the organizational governance of those at the top and the self-governance of those below. In an increasingly globalizing world, the literature focuses attention on the localization issue. The term “territory” is used here to capture the intersection of several trends, the most significant of which is the growing politicization of resources. The latter is the result of declining supplies of energy, food and water, the privatization of energy, food production, water services and the growing political influence of the bio-regionalism movement [4]. The food price rise of 2007–2008 served as a wake-up call amongst politicians to ensure that everyone has enough to eat. Subsequently it has shaded into “food self-sufficiency,” i.e. a growing food yourself movement. In fact, self-sufficiency has become a common policy goal in many countries [5]. Also, it “fuels” both the prospects for localization, green politics and serves as a significant issue that occurs exogenously, and impacts the “real world” of local tourism [6–18]. On the territorial scale tourism and agriculture involve two broad areas of expertise: the fields of tourism marketing, including destination organization management and agricultural management, rural area planning, and environment. The two are often administratively isolated from one another, resulting in ‘contradictions and conflicts’ whilst linked in remit and areas of conduct [19]. External pressures, including commodity price increases and financial instability require understanding of tensions and conflicts for territorial decision making. In turn, decentralization and the asymmetry of information press information brokers to treat information as a common resource.

Two Types of Perspective on DMO Analysis

The tourism marketing management literature has focused, in part, on the Destination Management Organization (DMO) model. Also, it distinguishes two main perspectives for analyzing the DMO, first, the perspective of the interactive network management approach and, second, the governance perspective. The DMO enables the coordination of decision making of public and private stakeholders along a vertical scale (supra-national, national, regional and local level), and horizontal and diagonal scales [15–17, 20–22]. The governance approach promises a more stakeholders’ centric coordination mechanism and a reduction of transaction costs [23]. Because the tourism field involves public and private sector stakeholders, who are administratively isolated from one another and often in pursuit of different goals the risk of possible controversy and conflict is relatively high. However, compared to the latter the role of public authorities (political and administrative actors) is rather under-developed in the literature [16, 17, 23]. Therefore, the application of a governance perspective in the tourism knowledge domain can be amply justified. Against the backdrop of governance theory the present paper claims that “embedded governance” [24] based on the interaction approach [25] referred to in network theory can foster effective relationships between local, regional and (supra) national stakeholders. This paper’s main contribution is threefold: It develops an “interactive” and

“embedded” governance model [16, 25] to bridge gaps by trustworthy relations in the context of decision making by network stakeholders. It applies the model of embedded governance to the Trentino case study [26] with the aim of balancing heritage and innovation through knowledge dissemination. It pinpoints advantages and disadvantages of sharing information amongst the public and private sectors as a step towards “reclaiming the narrative of the commons” [27]. So, the central issue is: How can the theoretical framework of e-services governance be applied in the public – and private sector context, so as to integrate the different knowledge domains needed to facilitate knowledge sharing and communication transfer between social networks?

The Network Approach in Tourism Research

The network approach has been adopted in different research fields as a “pair of glasses” to analyse reality. In a recent study of tourism networks [28], the network theory is applied using different approaches that can be brought back to *social network approach*, *inter-organizational approach*, *industrial network approach*, *entrepreneurial network* and *policymaking network*.

First, mathematical models fail to explain the complexity of tourism, particularly, the dynamic network processes that involve creation, transformation, replication and the behaviour of its actors. Second, from a managerial perspective, the IMP (Industrial Marketing and Purchasing) Group *network interaction approach* is proposed to managing business networks [25]. Lemmetyinen and Go [29] identify some key success factors of networks: the ability to develop and implement informational, interpersonal and/or decisional roles; the ability to create joint knowledge and absorptive capacity strong partnering capability; orchestrating and visioning the network in a way that strengthens the actors’ commitment to the brand ideology. Third, from a policy and regional studies perspective, networks have become an instrument to integrate the hierarchical top-down approach of governance reinforcing the horizontal interrelation between actors and favouring innovations. In this sense, Caalders offers an interactive approaches in local development along three models. These are first, the communicative model, with a basis in legitimacy, emancipation/democracy, self-governance and involving stakeholders in policy-making. Second, the instrumental model anchored in concepts such as quality/innovation, improvement in term of content/rationality, network governance and developing plan and policy. Third, the strategic model which builds on concepts such as efficiency, effectiveness, public support, networking to create support for policy decisions) [30]. Information System and human resource management play an important role in network analysis and developing relational capabilities and competences supporting knowledge and competitiveness [31]. Also, knowledge management affords a relevant perspective to understand the evolution of New Public Management and hybrid public-private alliances that are built to cooperate and achieve mutual knowledge sharing and learning agenda [32, 33].

Governance: Destination Organization Management Perspective

The relevance of governance features is becoming a central topic for researchers and policy makers, alike, around the world to analyze countries, urban and rural areas to guide and coordinate touristic strategy designed to converge the tactics of firms' and institutions towards common goals. The literature refers to different touristic governance approaches. Typically, they follow two rationales: first, the destination management approach and, second, the political-institutional hierarchic approach. The former converges the DMO as a meta-organizer with the express aim of balancing stakeholders' different interests through coordination and, where appropriate, integrate their various perspectives within a coherent destination strategy [18, 34–37]. A recent study [18] shows the relationship between the DMO services and tourism firms that are part of selected networks. Regretfully, the marketing-oriented studies neglect to take into account analysis of the coordination between different hierarchy levels (regional, national, supra-national) of tourism development. Therefore, it would behove DMO's to apply the governance concept not only to include a broader geographical catchment area, but also relevant knowledge domains, including policy formulation, which in practice tend to develop largely independently from one another.

The political-institutional hierarchic approach belies its assumed significant status, particularly, the role of public authorities, i.e., political and administrative actors, in relation to private tourism actors, remains rather under-developed research domain [16, 17]. Recent studies indicate that local touristic development depends on the national governance model and policies [15–17]. In turn, these bear influence from political and social ideology and are encoded in the legal system, in lawmaking applied at national and a regional level in the tourism domain and beyond. From the legal perspective, the tourism governance features structure result from the *application of a top-down hierarchic approach* supported by touristic legislation. The latter defines the extent to which tourist policies can be decentralized in different national contexts. The hierarchic approach describes the relationship between government and society and can be characterised as a vision of the future as a domain that can be known, managed and planned for. It expresses a rational-scientific approach towards systems planning and integrated development. Several studies [16, 20, 38] recognize the “bankruptcy” of top-down planning. The complexity of a globalized society requires the adoption of different growth models beyond the regional planning domain. Or the re-invention of the role of system planning and integrated development. Accordingly, clear governance features must be created and maintained constant coordination marketing strategy in response to touristic development needs at different decisional levels (national, regional, local level). Due to scarce resources the optimal trade-off between central coordination (the collective interest) and the decentralization of power (supra/national interest) remains a controversial issue through which contradictions and conflicts can arise. Therefore, the main research challenge is to bring about the realization of an *embedded subject of governance in a hierarchic model* [24]; designed in a way to create interactive governance [16], both dynamic and

contextually sensitive to mobilize collaboration between actors, especially entrepreneurs and community members. The *third rationality of embedded governance* represents the convergence of the two processes top-down hierarchy (linear) and bottom-up democracy (non-linear). It is meant to create a *vehicle for social innovation*. So, the embedded touristic governance represents a platform – between political actors, business and community, designed to create sustainable development. This process must be supported by “collaborative and social inclusive consensus-building practices, designed to create three kinds of shared capital: social capital – trust, flows of communication and willingness to exchange ideas, intellectual capital – mutual understanding, and political capital – formal or informal agreements and implementation of projects” [10, 18]. In synthesis, the embedded governance of touristic system has some priority roles. These are, first, to understand stakeholders aims, second, to develop local culture of partnership, third, to create and support knowledge transfer, fourth, to define a participative/shared marketing strategy, fifth, to develop organization and marketing tools, sixth, to facilitate internal and external communication, seventh, to manage to changes, eight, to support innovations, ninth, to coordinate relationship between different actors and, finally, to control divergent processes. Whilst the *co-creation of value* is an admirable principle, it can generate a *dilemma of governance* due to: the complexity of managing network relations, managing multiple modes of collaboration, rapid change of competitive environment, need rapid response and decentralization and need for flexibility and accountability [39].

E-Services Governance in Public and Private Sectors: Trentino Case

In this section the e-services public and private sector governance model is applied in the case study of Trentino S.p.a., which is based on precedent empirical research [40], including legal documentation, annual reports, official documents and web sites (<http://www.trentinospa.infom>, <http://www.turismo.provincia.tn.it/osservatorio>, <http://www.visittrentino.it>). It seeks to synthesize the relationship between networking, governance model, destination management, place branding, knowledge management and ICT in a manner that affords the *balancing of local heritage and innovation*, thereby preserving sustainable development and quality of life, derived from territorial assets (agriculture, culture and industry).

The Trentino S.p.a. model of *centralized territorial governance* is designed to integrate and coordinate networks, enterprises and institutions into a common place brand strategy. It draws on the process of converging top down and bottom up dynamics. The top down process derives from a Provincial Law (“Disciplina della promozione turistica di Trento” n. 8/2002) through which the Autonomous Province of Trento has reorganized the provincial touristic organization creating Trentino S.p.a. (share: 60% Autonomous Province of Trento and 40% Chamber of Commerce) with the functions of governance of place (for the activity see Provincial

Deliberation n. 390/2002, “Linee guida del progetto di marketing territoriale del Trentino”). The bottom up process is expressed from legitimation and participation of local actors within the network context.

Based on embedded governance model [23], the Trentino SPA represents: a *platform between different actors and networks*: Chamber of Commerce, Province, Touristic Promotion Agencies, University of Trento, Touristic Consortiums, Consortiums of Pro Loco, Hotels Association, Club of products (thematic networks), local firm, project groups, external actors, others private and public actors; a *filter of information*, to reduce the external variety and converge toward local competitiveness, coming from European Union, National Government and Province of Trento (laws, funds, projects, etc.), market (define and implement the Trentino’s marketing strategy and place branding strategy), lobby and power coalitions; a *facilitator bridge of knowledge sharing* and communication transfer between *networks* of public and private actors or single actors, to create trust and a high integration degree of local services: every knowledge and strategy is shared and codified. In particular, the use of Trentino’s brand is submitted at applications of the manual and a strong standardization of services; a balance *between local heritage and social innovation*: the place brand strategy is based on the local community values of equilibrium between tradition and innovation, environment and development, interiority and openness. The place brand is symbolized by a butterfly that expresses equilibrium and quality of life. The new website (<http://www.visittrentino.it>) introduces a myriad of innovations to communicate and sell the destination. The institutional web site of Trentino is the centre of governance strategy and the support of demand and supply relationship. In 2009 the new web site *shows how technologies have become an important instrument for promotion and delivery, part of a destination marketing strategy defined by Trentino S.p.a.* [41]. In line with the Trentino S.p.a. strategy and through the support of new technologies, the website has become the fundamental destination promotion and marketing tool allowing: the reinforcement of a differentiated brand symbol; increasing popularity on internet; internet promotion to new market targets; introducing geo-marketing; transforming click requests for information and on-line reservation; enhancing stakeholders’ relations; monitoring trends to support strategic decisions. The results of Visittrentino are summarized in Table 1.

Table 1 The results of Visittrentino

	2008	2009	Variation %
On line visit (visittrentino)	3,998,973	4,669,729	+6.26%
Number of seen pages (visittrentino.it)	23,108,141	22,015,218	−4.73%
On line visit (visittrentino + trentinospa + others touristic sites)	4,604,231	5,723,120	+24.30%
Number of seen pages (visittrentino + trentinospa + others touristic sites)	26,594,238	27,036,318	+1.66%
Request by e-mail	86,227	85,793	−0.50%
Reservations	2,068	3,395	+64.17%
Turnover	€ 951,606.33	€ 1,502,548.71	+57.90%

Source: <http://www.trentinospa.info>

Conclusion

The Trentino S.p.a. case illustrates the practice of a centralized governance approach toward the territorial integration of E-Services Governance in Public and Private Sectors. It has taken a Destination Management Organization Perspective to ease the formation aimed at reducing the external variety, bringing about a degree of convergence of capabilities so as to raise the local competitiveness. In this context, the E-Services model fulfills a crucial bridge function to facilitate knowledge sharing and communication transfer between social networks, which represent both the public sector and the private sector. Furthermore, the E-Services model is innovative in that it connects common, territorial powers, thereby enhancing the DMO model, limited to serving tourism interests; integrates technical infrastructure and local services, aimed at balancing the interests of local heritage and social innovation, through the creation of trustworthy relations.

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